The

100 Yen

ONE KOREA

STOCK MARKET SCANDAL

Reckless Monetary Reform

Economic Mess

Student Demonstrations

For Status of Forces Pact

No. 13

July 1962

Our Aims and Demands

Liberation from Japanese Imperialism did not bring complete freedom and independence to Korea. Instead, the Big Powers of the world split the Korean territory and nation into two countries. And to this day, the Korean people have been suffering for sixteen long years under the most piteous and distressing conditions. Not only have we constantly wandered on the brinks of death, pressed by poverty and oppression, but we at last had to commit the most shameful mistake in our history: Incited by foreign powers, we Koreans engaged ourselves in the horrible task of killing our own brothers during that tragical Korean War. Yet, in spite of all these sufferings and injustices, the Korean people obediently held trust in the good faiths of the Big Powers, and solely believed that they would carve out the future of Korea for us.

But today we have finally realized our stupidity. We know well now that we must carve out our own destiny with our own hands, that is, the Korean nation must realize unification of Korea by the nation's own powers if it is willing to live. And the people's uprising in April last year which overthrew that most atrocious government of all times, the Syngman Rhee regime, without borrowing any aid from others, has given us the confidence that we can accomplish this aspiration.

We, as members of the Korean nation and campaigners for the unification movement, urged by such consciousness and confidence, propose here that our Independent and Peaceful Unification shall commence by conducting mutual contact and exchange between the North and South Korean people. Whereby, we are sure, brotherly love will be renewed and North and South negotiations invited; thus enabling concrete plans for unification to be worked out. We also believe that the unification must be not only the unification of the Korean territories but also of the divided nation. And in order to reflect the true will of the entire nation on the unification, we call for a Free General Elections to be held throughout North and South Korea; and through these elections, a Unified Central Government shall be established. From these standpoints, we demand:

1) *To immediately open up exchanges of letters, civilian travel, culture and trade between North and South Korea.*
2) *To convene at once an All-Korea Conference represented by delegates from the Governments, political parties and civil organizations of both Koreas, to study and work out the measures for preparing the All-Korea General Elections and establishing the Unified Central Government.*

We are convinced that these demands are fully legitimate, equitable and just since they are based on the standpoints of humanity, fundamental rights and the principle of self-determination. Still we cannot ignore the bearings which the Korean Unification problem has on the international relations. Thus emphasizing the original mission of the United Nations; respecting the authority of the 1954 Geneva Conference in which both the North and South Korean Delegations had participated, and acknowledging adoption of the Agreements reached at the said Conference, we request the nations concerned:

1) *To call as soon as possible an International Conference that shall further the accomplishments of the Political Conference on the Korean Question held at Geneva in 1954, and accelerate the Korean unification by assisting the independent unification movements of the Korean people.*
   Besides those nations which participated in the 1954 Conference, delegations from the four nations constituting the Korean Armistice Observation Commission (Switzerland, Sweden, Poland and Czechoslavakia) and India shall participate in the proposed Conference.
2) *All nations participating in this International Conference shall assume the responsibility to secure the peace in the Korean Peninsula and to guarantee the peaceful development of Unified Korea.*
   In order to secure these guarantees, the United States, the Soviet Union and all other countries shall immediately stop supplying weapons and all other military aids to the present Governments of North and South Korea; shall pledge to assist in the reconstruction of Korea on conditions of non-intervention in her internal affairs and also not to utilize Unified Korea as military bases; and shall recommend immediate membership of Unified Korea to the United Nations.
3) *The same nations shall also support, when requested, the projects of the Unification Projects Agency which will be established by tne All-Korea Confererecce, and also set up an International Supervision Commission to supervise the All-Korea General Elections which will be administered by the above Agency.*
   The International Supervision Commission shall be formed by nations that did not participate in the Korean War, but elected by the participating nations in the proposed International Conference and confirmed by the United Nations.
4) *The foreign armed forces stationed in Korea shall be replaced by International Police Forces ana evacuate Korea as soon as possible.*
   The International Police Forces shall be organized by troops from nations that did not participate in the Korean War; shall have missions to maintain the peace in Korea and also to secure an atmosphere in which free and fair elections can be enforced; and shall withdraw from Korea when requested by the Unified Korea Government.

Unification of Korea is a matter of life and death to the Korean people. No one, no nation should be allowed to bar our way. Therefore, we here appeal to the world to understand and to extend its support to our aims and demands.

ONE KOREA

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Worst Government of All Times

Whatever age or country, one can pass a judgment on any government by its accomplishments when it has ruled the land for more than a year. In this present age wherein all governments of the world make clear their general policies at least once a year, it is much easier to appraise the true character and competence of a government.

A year and two months have gone by since the Park Chung-Hee military regime took over in South Korea. During the period, this regime has monopolized and administered, without restrictions, the government on pretext of carrying out its "revolutionary commitments." By this regime, the potential opposition regardless of politicians, businessmen, literary men, professors or students, was thoroughly suppressed or purged. Law and government structures were abolished or reformed according to its will. The regime was able to decide and enforce whatever policy it liked without being opposed by anyone. The true colors and limits of the Park Chung-Hee regime, therefore have been fully revealed by now.

Most Corrupt Regime

All ROK governments, from Syngman Rhee through Chang Myun to the present Park Chung-Hee regime, have carried "anti-Communism" as their basic policy and executed undemocratic suppressive policies in that name. And as inevitable results of such policies, self-complacency, corruption and incompetence of the government and its officials accompanied those regimes.

The corruption and incompetence have plummeted to the worst in the Park regime. Such may sound strange in face of the notion that the militarists staged their coup d'etat in the name of eliminating corruption and incompetence of the Chang Myun government. But such is the plain truth, for the Park regime has increased the money supply by nearly 120 billion hwan or one-half the total money supply of May 16 last year during one year of rule; while accomplishing nothing. Then this regime created the recent "stock market crisis" and enforced the reckless monetary reforms which were incidents connected with the biggest scandal ever seen in South Korea.

Let us look a little further into this so-called Stock Market Scandal which clearly indicates the incompetence and corruption of the Park regime. This scandal was screated by a grand design schemed to swindle a colossal profit of 100 billion hwan (one-third of the money supply) from the stock market through government-pushed manipulative operations by buying up the Korea Stock Exchange shares.

By the operations, the price of Korea Stock Exchange shares which were being traded at a lowly 0.7 hwan (70 chun) at the beginning of the year, was lifted to an astonishing high price of 60 hwan (time transactions) per share by the end of May and, in the meantime, the number of Korea Exchange stocks were increased to tremondous figures in the name of expanding the Exchange's capital But getting over busy in rocketing the price, the Stock Exchange ran up against clearance difficulty as May accounts piled up to an impossible 50 billion hwan and so the market crashed.

To surmount the crisis, the government pressured the commercial banks into lending loans totalling 37.2 billion hwan to the Stock Exchange. In the dealings, the banks were forced to take Stock Exchange shares as collaterals assessing them at 34 hwan per share which possessed a net value no more than 0.6 hwan! In the midst of the confusion created by the iron-fistedness, the money went into the hands of the stock dealers controlling the Stock Exchange and disappeared.

A scandal so grand and treacherous in style could not be seen even under the Syngman Rhee regime which was so notorious the world over for its corruption, less during the Chang Myun regime.

Most Irresponsible Government

The most strange and unreasonable point in the scandal was the ignoring and eventual firing of Premier Song Yo-Chan. Premier Song, who concurrently held the post of director of the Economic Planning Board and dreaded further aggravtion of the situation, gave out instructions to his Finance Minister Chun Byung-Kyu to take the necessary measures to resolve the crisis. But Minister Chun refused these instructions from his superior on the ground that he was given "special orders" from Chairman Park. Premier Song by the way, had been completely uninformed of the intrigue going on over his head and was not even consulted on the 37.2 billion hwan that was lent out to the Stock Exchange either. Nevertheless the premier was held responsible for the crisis and was discharged along with Minister Chun when the stock market became paralyzed and an uncontrollable chaos ensued. The astonishment may be twofold in knowing that such could happen under a government ruled by soldiers; for soldiers are trained to obey orders and through the respect for command, efficiency of an army is maintained. The whereabouts of responsibility is always clear therein.

The recent monetary reform, contrary to the one enforced by Syngman Rhee in Feb. 1953 cannot look for any external excuse. The reform in 1953 was, more or less, justified by the war which had brought about a vicious inflation. Neither can the recent reform find its justification in the financial policies of the Chang Myun government, for money supply was no longer fluctuating at the time the militarists took over. The obvious causes of the recent monetary reform were the deficit financing by the Park regime itself and the reckless lending of 37.2 billion hwan to the Stock Exchange.

These facts show that the Park Chung-Hee regime is hardly worth the name of a government. Some foreign circles, perhaps for their own interests, are still continuing their support of that regime. But, before extending further aid to such a regime, those circles should, once and for all, ascertain the true color of the Park regime and see for themselves whether it's worth the labor or not.

THE STOCK MARKET SCANDAL

Junta Leaders Involved

A treacherous scandal connected with the so-called Stock Market Crisis is being uncovered in South Korea. Top junta leaders including Chairman Park Chung-Hee are involved. These men sought to swindle tremendous sum of money from the stock market through rigged operations. But getting overheated, the market crashed and some 37.2 billion hwan of money disappeared through illegal financing to the Stock Exchange. The junta leaders are employing money reforms and all other means to conceal the scandal, but the economic chaos and public wrath ensuing may prove fatal to the militarists.

100 Billion Hwan Swindling Plot

Boom Market. In spite of the business stagnation and contracting economic growth, stock prices in South Korea began rising since December last year and soared to preposterous heights at the end of May. This unexpected overheating of the stock market was led by Korea Stock Exchange shares. This stock was being traded at 27 chun or nearly half its par value of 50 chun last Oct. But within 6 months it literally rocketed until it reached 60 hwan for time transactions and 42 hwan for cash transactions. This was 120 (84) times the par value and 226 (156) times the Oct. price level. Following the Exchange stock, price of Korea Electricity shares (par value 10,000 hwan) doubled from 5,000 hwan to 10,000 hwan at the end of the year 1961 and hit a new high of 47,000 hwan on May 28 just before the stock market crash. Bank stocks also rose from an average of 9,000 hwan to 18,000 hwan during the period.

The ROK stock market whose transactions heretofore were centered on government bonds had never lured much public investments and the over-all business stagnation had depressed any chances of a bull market appearing. Nevertheless, an unrecorded boom market came about. Something was fishy behind the rush on the stock market and the eventual crash of the market that followed. The main cause behind all the turbulence was the rigged manipulations conducted by the military government leaders in collaboration with the stock dealers under the grand design to swindle an incredible sum of 100 billion hwan (one-third of the money supply) from the stock market.

Incomparable Scandal. The stock market crashed at the end of May and transactions came to a standstill since the Stock Exchange ran up against clearance difficulties being descended on by clearance contracts amounting to 50 billion hwan deadlined May 31. So the swindling plan failed, but in order to settle the stock market crisis, Finance Minister Chun Byung-Kyu instructed banks to lend out loans amounting to 32 billion hwan in violation of the Banking Law. The measure was sternly opposed by Premier Song Yo-Chan but the money went into the hands of the stock market men and disappeared. Thus suspicions of a treacherous scandal incomparable in size and method to any of its kind in the annals of world's stock markets arose. The junta formed an investigation team to probe into the scandalous mess

but the investigators only worked to conceal the involvement of Chairman Park Chung-Hee in the affair. The junta further enforced monetary reforms and a cabinet shake-up. These apparently were moves to bring the chaos under control and seal the rumors of a scandal which further confused the situation and brought about the worst economic chaos into South Korea since the military takeover.

Main Authors. Regardless of the desparate measures by the junta to conceal the scandal, facts prove that Chairman Park was deeply involved. A ROK politician who recently visited Japan and well-informed in the stock market, has clearly testified to the point. Seoul newspapers have been hinting that foul plays existed behind the stock market crisis.

The main authors behind the plot were Chairman Park, his right-hand man and Central Intelligence Agency chief Kim Chong-Pil and Finance Minister Chun. The mastermind behind the plot by the way was Chun who suggested to Park and Kim this ingenious plan which would procure funds for the militarists under the pretext of luring floating capital into the government's economic development plan while fostering the stock market at the same time. Park and Kim who were desperately in need of funds for electioneering next summer, jumped at the plan.

The Grand Plot. Minister Chun's grand design was to carry out, with the collaboration of big stock dealers, a stock hiking operation by cornering the Korea Stock Exchange shares and on top of the price lifting operations, the government was to give out loans to the Stock Exchange so that it could expand its capital. And by offering its new stocks with big premiums for public subscription, Chun and his collaborators were to earn a windfall margin of some 100 billion hwan through the transactions. The plot seemed quite ingenious and profiting that Chairman Park gave it the green light last November.

Preparations. The first step taken was the drafting of the New Securities Exchange Law which replaced the old one written up way back in days of Japanese rule. Under the new law, the Korea Stock Exchange was altered into a profit-making joint-stock company from its previous membership system under public management, This extraordinary change turned management of the stock market over to a few big shareholders of the Stock Exchange and facilitated its capital increase. Exchange of government bonds were also turned over completely to the Exchange. The aim of these drastic revisions was to lure public interest towards Stock Exchange shares. The draft was completed by the end of December and the new Securities Exchange Law was enacted on January 16 and went into force on April 1.

Finance Minister then stepped up the legal and financial measures to accelerate the expansion of the Stock Exchange. As first step, he instructed, the Exchange to increase its capital by 400 million hwan and to offer its new stocks for public subscription with premiums attached.

Stimulated by these measures, Exchange share price rose from 27 chun (100 chun =1 hwan) to 1 hwan as early as last January. As it became clear that the stock market was being preyed upon, Choo Ki-Shik Chief Director of the Stock Exchange moved to normalize the abnormal price rise by imposing an increased advance deposit of 40% on January 22, but meeting opposition of big stock dealers, had to cut the deposit rate down to 30% within a few days.

The Exchange shares went on rising nevertheless and Director Choo had to enforce another restriction measure which regulated that all trades of Exchange shares must be stopped once the price exceeds the closing price of the previous day by 3%. The big stock dealers again retaliated and a compromise was reached wherein the restriction was lifted, while the increased advance deposit was upped to 60%. This step virtually put a stop on all time transactions but still Exchange shares went up and by Feb. 10 its price approached 2 hwan. In the midst of such price soaring, warrant money was mysteriously cut

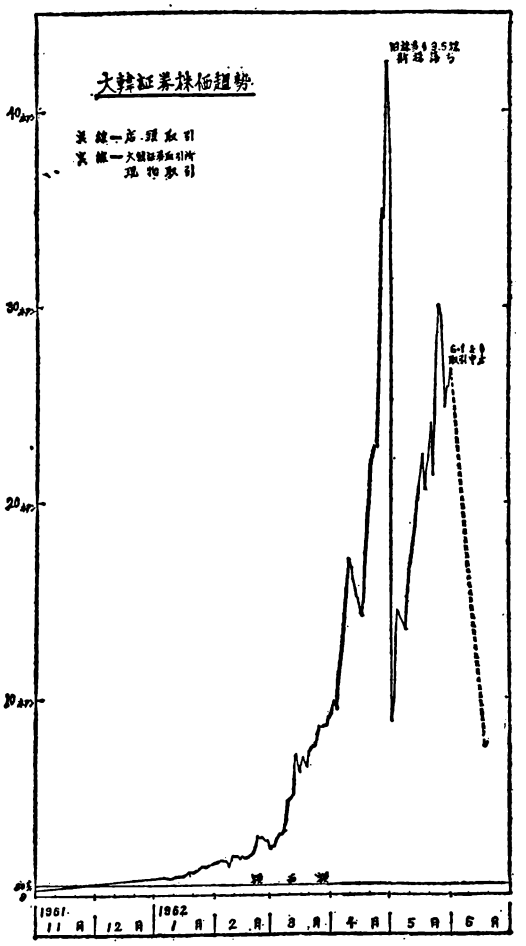
from 30% to 10% and increased advance deposit from 60% to 10% which boosted the Exchange shares to hit the 10 hwan mark by April 3.

Director Choo declared on March 14 that "increased advance deposits must be raised to 100% and listing of doubtful stocks suspended in order to stem the abnormal price boom" and he sought to enforce stronger restriction measures, but meeting the all-out opposition by big stock firms, he was compelled to resign as director on March 18. The big firms working with the Finance Minister now took control over the Stock Exchange and brought in Hanil Bank president, Suh Chae-Shik as new Director. So speculative and manipulative dealings became ever rampant and Exchange shares continued rocketing.

New Securities Exchange Law. On April 1, the new Securities Exchange Law came into force and the Stock Exchange became a joint-stock company. As of March 31, 40 of the 314 shareholders of the Stock Exchange owned over 50% of its 2 billion stocks, and among the 40 large shareholders, about a dozen big stock dealers of the same lineage owned enough shares to hold a virtual control over the Exchange. These firms were now in a position to manipulate the market as they wished. They got the Exchange to lower the minimum exchange volume limit so as to lure small capital into the market. Then on May 1, they urged the Exchange to get the finance ministry to restore time transactions. This adverse measure put oil on arbitrage dealings and short sellings which further boosted the price of Exchange shares by 35 hwan during the period between March 18 to April 28 when it marked the highest of 42 hwan.

The Seoul Economic Newspaper reported on April 27 that "some dealers are lifting stock prices by cornering certain shares" and further wrote on May 13: "In contrast to the gradual stabilization of other stock prices, Exchange shares alone continued to rocket due to the unprecedented capital increase with big premiums. The rush on Exchange shares with eyes on getting the premiums on the new stocks has raised the price to unreasonable heights. In spite of the abnormal market which might inflict damages on innocent investors, the Exchange has taken no measures so far to normalize the dangerous situation."

PRICE TREND OF KOREA STOCK EXCHANGE SHARES



Nov. Dec. Jan. Feb. Mar. Apr. May. June

Dark line: Cash transactions
Dotted line: Over-the-counter transactions

Big Premium New Stocks. On top of the price lifting operations and the various government measures, the capital increase plans also caused this mad rocketing of Stock Exchange shares. Following the Finance Minister's instruction, the Exchange executed its first expansion plan during March which increased its capital by 400 million hwan. Of the 800 million

new stocks, 600 million were distributed to shareholders, while the remaining 200 million stocks were offered for public subscription which sold at an average of 5.5 hwan per stock. The Exchange gained a windfall profit of 1 billion hwan through this capital increase and shareholders' gains totalled 4.2 billion hwan since the price was 7 hwan on the day when new stocks were offered to the public.

Encouraged by this success, Minister Chun, with the full support of Chairman Park and CIA chief Kim, now moved in for the kill envisaged in the grand design. Chun recommended the Exchange to expand its capital by another 4 billion hwan.

The Exchange held its first shareholders' general meeting on April 20 where large shareholders checked the cautious elements who requested a more gradual increase of capital and pushed through the plan to increase the capital by another 4 billion at one leap as the Finance Minister promoted.

This second expansion plan was leaked to various circles as early as the middle of March. On this the Seoul Economic Newspaper reported on March 19: "The Korea Stock Exchange is planning another 4 billion capital increase and the United Securities Company (securities financing company with capital of 300 million hwan) is also expected to expand its capital to 1 billion hwan." The rumors served to boost the price rocketing after the first capital increase and Exchange shares already passed the 10 hwan mark on April 3.

Of the 8 billion (4 billion hwan) new stocks, 7 billion (3.5 billion hwan) were to be distributed to shareholders. Of the remaining 1 billion to be offered for public subscription, 10 million new stocks were to be sold to meritorious employees of the Exchange at par value (50 chun).

Premium again was put on the new stocks for public subscription and the Exchange's Board of Directors decided the subscription price at 14.5 hwan, of which premium counted for 14 hwan. A premium as high as 28 times the par value has never been recorded in any stock market of the world so far.

On deciding the subscription price, Director Suh explained: "Although the estimated price of new stocks will be about 12.5 hwan calculated at the May 1 price level, Exchange shares are on a steady rise and we reached the conclusion that 14.5 hwan would be the reasonable price for public subscription" and expressed extreme optimism towards the outcome.

Windfall Profits of 100 Billion hwan. According to this estimate, the issuing of new stocks would bring the total paper value of the Stock Exchange to 145 billion hwan, since its stocks would number 10 billion shares This is equal to the total money supply of August last year. And as its capital increased 3.5 billion hwan and another 13.355 billion hwan was to be paid in by the subscribers for the new stocks, Exchange shareholders would have earned a preposterous windfall profits totalling 98 billion hwan and meritorious employees would have taken home 140 million hwan as "bonuses." These unbelievable gains, of course, were to be gotten if the plan went as scheduled.

According to the Seoul Economic Newspaper, total assets of the Korea Stock Exchange was worth 1.8 billion as of March 13, which was a net value of 90 chun per share. And since total assets after issue of 8 billion new stocks became 5.8 billion hwan, net value per share dropped to 68 chun. So it could be said that the Stock Exchange and the junta leaders behind them tried to sell 68 chun of property at 14.5 hwan! This is downright swindling. The former Exchange Director Choo had warned that 3.5 hwan was the danger point for Exchange shares. The unreasonable premium placed on the new stocks, therefore, was bound to blow up the grand swindling plot.

Stock Market Crisis

Crash of Exchange Shares. The public subscription for the 990 million new stocks of the Stock Exchange was scheduled for May 25 to 28. Big dealers kept buying up Exchange shares and its price rose from 15 hwan on May 1 to 35 hwan on May 27. The public subscription began in the midst of this price boom, but its showing was disastrous. Only 671 million new stocks were subscribed for until deadline. This was only 67.6% of the total.

The poor showing now turned the bull market into a bear market overnight. Bear raiding washed away the desparate curdling done by the big stock dealers. Exchange shares crashed from 42 hwan to 7.6 hwan on May 28, that is, one-fifth the price of the previous day on which it market its highest.

The inevitable crash came. It came a little too early than the stock dealers and the Finance Minister expected. Since June 1, the stock market has been closed but Exchange shares are being traded at about 7 hwan in over-the-counter dealings. This means that of the 9.73 billion hwan payed in by the new stock-holders, 4.8 billion hwan has been wiped away on paper and they are to lose more since the price is plummeting.

Paralyzation of Market. The crash was not limited to stock prices. The bear raiding since May 28 piled the clearance accounts before the Stock Exchange up to 50 billion hwan. Panic was on and investors raided the Stock Exchange demanding clearance. But possessing a clearance ability of only 1.9 billion hwan, the Exchange couldn't do anything about it and had to close shop on June 1 which put a stop on all exchanges thus paralyzing the market.

37.2 Billion Illegal Financing. To counter the crisis, Finance Minister Chun now recommended banks and insurance companies to take over as soon as possible 570 million shares of the Korea Stock Exchange at 14.5 hwan per share totalling 140 billion hwan at a joint meeting on June 4 between representatives of security business and financial circles. The offer, however, was refused point blank by the financial circle on the ground that "the present situation would not enable the financing institutions to take over the Stock Exchange stocks. Rebuffed by the bankers, Minister Chun resorted to his speciality—iron-fistedness.

His method was already tested when he forced two loans of 2 and 3 billion hwan out of former Bank of Korea President Ryu Chang-Sun before his resignation in May to give out to the Stock Exchange. Ryu offered the first loan (March) but refused to give out the second (April) from fear of getting reprimanded by the junta bosses. Chun is said to have consulted an Agency chief who sent one of his men to point a gun at President Ryu who turned pale and immediately agreed on offering the loan.

Chun now called the Monetary and Currency Management Committee into meeting and brandishing his sword (hinting that he had been given "special order" by Chairman Park), made the committee approve 32.2 billion hwan of loans by commercial banks to the Stock Exchange and the United Securities Company as means to pay off the clearance contracts. This brought the total money lent to the Stock Exchange to 37.2 billion hwan which equalled 12% of the total money supply. Furthermore, the June 6 Seoul Economic Newspaper reported that another 40 billion hwan was lend out to stock dealers. So, some 77.2 billion hwan of money guaranteed by the government were cast into the stock market which was turned into a grand gambling table.

The most outrageous point of all was that all these loans were illegal loans violating Article 27 of the Banking Law which prohibits loans by banks for speculative purposes on goods or securities. The Law also stipulates that banks must not lend more than one-fourth of its deposits and reserves.

On top of the violation of the Banking

Law, the 900 million shares of the Stock Exchange taken as collaterals were assessed at 34 hwan per share or nearly 60 times its net value. It obviously required a much more powerful hand than that of the Finance Minister to get the banks to consent to such outrage. Behind Chun stood strongman Park Chung-Hee.

Row Between Premier and Finance Minister

Premier Song's Pursuit. The 32.2 billion could not clear all of the Stock Exchange's clearance contracts and nearly 18 billion through cancellation without paying indemnities but still June accounts remained pending clearance.

So, the crisis could not be resolved in spite of all the money lent through the illegal financing and cries to pursue the responsibilities of the stock market crisis and the illegal loans arose within the military government.

Premier Song, over whose head the intrigue was going on, finally broke silence and charged Finance Minister Chun of "not following the premier's warnings" and gave out the following six-point instruction to the minister:

(1) abolish the June accounts and normalize functioning of the Stock Exchange at once;

(2) Punish the unlawful dealers and those responsible for bringing about the stock market crisis and to report the results;

(3) To prepare and enforce the following improvement measures for the Securities Exchange Law and the supervision of the Stock Exchange: (a) lifting of warrant money to 90% on time transactions;

(b) adoption of additional advanced deposit system restricting the exchange volume and stock prices; (c) reducing of the assessment rate of substitute stocks and (d) shortening the term of time transactions to two weeks and, eventual abolishment of time transactions;

(4) strengthen the supervision over the Stock Exchange, stocks and stock dealers through (a) inspection of the Stock Exchange's operations, assets, and management and improvement of its statute, management and exchange regulations and (b) ban of excessive speculative actions and excessive volume dealings by stock dealers;

(5) take all measures to list at once in the Stock Exchange the stocks of profitable private and state-run enterprises including the Korea Tungsten Mining Corp., Korea Bank and the Oriental Cement Co;

(6) suspend further loans by financial institutions.

Destination

Premier Song: It's this way!
Finance Minister Chun: No. I'm going to follow this map.
Chosun Ilbo, June 7

(The cartoon satirizes Minister Chun's refusal of the premier's instructions on the ground that he had "special orders" from Chairman Park)

Finance Minister's Refusal. Minister Chun rejected the Premier's orders and the row between the two burst wide open. Chun claimed that he was "given full power and responsibility" by Chairman Park to normalize the crisis and refused to follow the Premier's instructions on the ground that many of the Premier's measures were impossible as they meddled too

deeply into the Stock Markets own affairs and that they also would bring about total suspension on loan financing.

Chun's resistance brought the feud to a final showdown. Premier declared on June 7: "I will take due measures if the finance minister should not render a report on my instructions. So far the minister has not given me any report in relation to the measures he had been enforcing for the Stock Market. Neither has he reported to me on the recent lending of 32.2 billion hwan to the Stock Exchange. In such manner, he has been ignoring my constant warnings and brought about all this confusion."

Park's Withdrawal of Support for Chun. It now became clear to all eyes that Minister Chun's arbitrary policies and his neglect of his premier had the full support of Chairman Park. But meeting the stern attitude of Premier Song, Park changed his attitude and declared on June 7: "the minister of finance should take responsibility for his failure to prevent the recent stock market crisis. He apparently lacked the knowledge and policy to deal with the stock market" Forsaken by Park, rumors began to criculate that Minister Chun would resign and the stock market crisis now developed into a political crisis.

Desperate Measures to Conceal the Scandal

Special Investigation Team. On June 13, the Supreme Council announced formation of a 14-man Special Inspection Team to probe into the causes and responsibilities of the stock market crisis. The team headed by Maj. Gen. Yu Yang-Soo, chairman of the Supreme Council's foreign affairs and defense committee, conducted investigations from June 18 and on the 27th, the team is said to have reported to the junta that it found out that: (1) the rumors of junta leaders being involved were entirely groundless; (2) there are no evidences that 37.2 billion hwan of illegal loans were given out as charged by Premier Song and (3) the responsibility of the recent stock market crisis rested with the excessive speculations conducted by the stock dealers.

On forming the inspection team, Chairman Park stated that the responsible sources of the stock truoble would be thoroughly inspected and that those responsible would be sternly punished. But, as shown by the above report, the inspection team did not probe seriously into the affair and only worked to conceal the evidence showing involvement of the junta leaders. So, all the blame of the stock market crisis was put on the stock dealers and the inspection team leader Ryu not only denied all rumors of Park Chung-Hee's involvement but went so far as to warn: "it is highly regrettable that the patriotic efforts of the government to foster the stock market. Such subsersive view of the situation must be eliminated." But denials and warnings cannot conceal all the illegal measures enforced by Finance Minister Chun with the strong support of Park.

There exists no chance for the government in recovering the 77.2 billion hwan of illegal loans thrown unto the gambling table of the stock market. It should rather be said that the militarists have no intention of recovering the money anyway for was it not their initial object to swindle money in the deal? It is being taken for granted that they have pocketed big sum of money to be used next year for their electioneering expenses.

The pitiful victim of the gamble was the general public. It will be forced to mend the immense damages inflicted by this grand style swindling never heard of before.

Monetary Reforms. The crude monetary reforms hurriedly enforced by the junta were doubtless measures to settle the stock market turbulence so as to conceal the involvement of the junta leaders in the treacherous scandal. The point is clear from the hurried and ill-prepared manner in which the reforms were conducted.

On top of the extreme confusions in ex-

changing new currencies with old ones, the junta had to alter the ceiling of deposit drawings twice within a week. On June 9 when the currency denomination and moratorium was announced, the ceiling was put at 5,000 hwan per individual but on June 15, the Emergency Monetary Law already had to be revised in order to lift the ceiling to 100,000 hwan. And it was not until the 16th that the junta decided on freezing deposits over 300,000 hwan.

Chairman Park said that the objective of the currency reform was to mobilize negative capital into the projects of the economic development plan, but if so, the reform should have been executed with much more scrupulous preparation and precision. So it can be easily understood that Koreans are viewing the monetary reform as a smoke screen created by the junta leaders to smother the stock market scandal.

The monetary reform, as a matter of fact, was enforced much earlier than scheduled and Premier Song said at his news conference on June 13 that "the money reform should have been carried out under more stable conditions free of such troubles as the stock market crisis."

On the same day, Premier Song turned down a four-point recommendation made by the Korean Security Businessmen's Association. The Association requested: (1) defreezing of the bank deposits for investment in enterprises of the stock market; (2) providing a legal measure to protect the interests of these investors; (3) granting independence to stock transactions and strengthening the functions of the Stock Exchage and (4) defreezing the deposited currency made by the Stock Exchange. The Premier stated that the recommendation was short of solving the basic problems of the troubled stock market since it touched only minor issues" and ordered the group to work for more fundamental and realistic measures in line with the Premier's previous instructions.

Premier Song then pointed his gun at the finance minister and charged that "Finance Minister Chun and other ministry officials are taking the view that the stock market crisis has been settled by the monetary reform, but the reform is not sufficient in settling the controversial issue. Minister Chun is scheming to offer immense loans without consulting the Cabinet." Asked by newsmen why he did not reprimand his Cabinet member, Song replied that one should not change boats in the middle of the stream, that is, when the monetary reforms are being executed and stressed: "when the first stage of the reform is completed, the matter will surely be settled."

Song also made many enlightening remarks in relation to the illegal financing to the Stock Exchange and also the monetary reform. He said that: "I am worried about the 32.2 billion hwan lent by commercial banks to the Stock Exchange. The government gave out total loans amounting to 37.2 billion hwan to settle the stock market crisis but recovery of the loans seems quite impossible. The objective of the monetary reform is said to be mobilization of domestic capital into the economic development plan but the reform will, on the contrary, obstruct the mobilization."

Premier Song went on to reveal: "the recent monetary reform plan was suggested by a junta member as early as July last year. Chairman Park gave his nod to the plan in September and I ordered printing of new currencies to the British Government through the British Embassy in Seoul. The British Government complied to the order and an official contract was signed in October. Finance Minister Chun visited London after his tour to the United States with Chairman Park in November and confirmed the contract." The accepted view on the matter is that the militarists did not plan to enforce the monetary reform until September of this year.

Firing of Song and Chun. So the monetary reform was enforced way ahead of schedule and in the very midst of the reform, the row between Song and Chun came to a climax. There now lay immense dangers of the whole scandal getting spilled wide open. Chairman Park, fearing

(Cont. on Page 23)

RECKLESS MONETARY REFORM

Plunges Economy into Mess

The reckless monetary reform enforced by the militarists has plunged the nation's economy into an unrelievable mess. The measures were thought up by them to extort private properties for the sake of covering up for their scandalous blunder and bolstering their economic enterprises. But inflation, stagnation and eventual collapse will be the inevitable results of such reckless reform.

Extortionary Measures

Black Saturday. On June 9, the South Korean nation experienced its most panicky day since the emergence of the military dictatorship last year. The people were told by the junta to register all the currency, checks and other payment certificates they possessed with the authorities by June 12 and deposit the registered amount in banks by June 17. A freeze was put on all the deposits and each person was limited to withdraw only 500 won for weekly allowances.

The currency, at the same time, was revaluated at a 10-1 rate and the hwan became won. U.N. personnel and foreigners were also requested to deposit their hwan currency for exchange into the new won.

It was 10 p.m. when the public heard the shocking announcement on the currency reform. Citizens sprang out of their beds but as the following day was Sunday, nothing could be done. The militarists once again took the nation by surprise and angered Koreans duly named the day "Black Saturday."

Confusions. From Sunday on, long queues of citizens formed at town and village offices and banks to register and deposit their money. After a week of extensive confusion, all the money the public had on hand was sucked up into the safes of the banks ready for the militarists to use as they liked.

Citizens reduced to penniless states now gathered in large crowds before banks and spent all day to obtain the new currency. Some gathered as early as 4 a.m. The Bank of Korea was apparently late in meeting the hurried reform enforced by the militarists and new won bank notes could not be supplied in time. The severe slowdown of money circulation, in the meantime, put a stop on factory production; and dwindled business activities of shops and markets. The economic life of the nation bogged down like a motor car running out of gas.

The nation began to grumble under the choke. The suspicious charged that the militarists were going to seize the deposits in spite they were private properties. Sensing the unrest, Chairman Park Chung-Hee instructed the banks on June 15 to defreeze deposits below 10,000 won (100,000 hwan).

Objectives. On the 16th, the junta enacted an Emergency Monetary Law which defreezed deposits less than 30,000 won and put freeze on those over 30,000 to 100 per cent. By the measure, the junta estimated a freeze of about 11.7 billion won and announced that the freezed deposits will be invested in the industrial corporation to be established within 6 months and be paid 15% interest.

These emergency measures were prepared by a handful of junta leaders reportedly as early as Sept. last year and on announcing the measures, Chairman Park explained that the sweeping money reform had two main objectives: (1) to check a possible vicious inflation in view of the steadily growing money circulation during the

past year and (2) to stimulate private investments into the industrial projects under the government's economic development plan by enticing negative capitals and surplus purchasing power.

Impact and Reactions

Devastating Effects. The devastating effects of this crude and intriguing currency reform thought up by the militarists were easily foreseen. A complete standstill was brought about on all business activities on top of the scare and confusion put on the nation. The Donga Ilbo reported on June 20 that the operating level of 10,000 small and medium enterprises of South Korea had fallen to 45% of the pre-reform level as of June 19. The pinch is especially being felt by the retailing industry due to the sharp drop in purchasing power. The damages inflicted seem quite devastating in all sectors of the nation, and unless all the freezed deposits are released at once, restoration of production and merchandizing back to the pre-reform level will be hopeless."

According to the June 27th Seoul Economic Newspaper, credit transactions have stopped completely and the number of dishonored bills have run up to 90,089 totaling 10.3 billion hwan. The under-mining of the credit system indicates that all business transactions are being done in cash.

Requests of Businesses. So the industrial enterprises, trading firms and mining companies are desiring release of enterprising funds at the earliest possible date for the purchasing of raw materials and operating funds so that they can pull their businesses out of the inactivity.

The ROK Chamber of Commerce sent the following petition to the Supreme Council on June 21 and asked the junta (1) to take immediate measures to restore the credit system of the financial institutions and the capital market; (2) to normalize financing and regulate the circulation of money; (3) to work out a program that will attain the maximum growth rate and for this purpose the government should release industrial funds regardless of the increase in money supply and (4) to draw up an effective plan for utilizing the freezed deposits.

All-out Attack by Newspapers. Editorials of Seoul papers symphatized with the plight of the businesses and have formed a united front in attacking the reckless currency reform:

Kyunghyang Shinmoon (June 18): "The government plan to freeze one-third of the currency and to turn this over to the funds for investment in the economic development plan will inevitably slacken consumer purchasing power. It will also stifle private financing and stagnate the smooth supply of materials. A grave difficulty is bound to arise in connection with the reactivation of slackened economic activities.

It is a grave matter that the small and medium industries must shoulder all the burdens arising from the reform. Hardly any damage will be felt by the high income bracket group including the illicit profiteers since their businesses are connected with the government's economic development program and, therefore, free from the freeze imposed by the emergency measure. Small and medium industries, on the contrary, were freezed their scanty savings and also closed the channels of private finance. It must be stressed that the financial difficulties of these industries are two fold."

Chosun Ilbo (June 21): "Credit transactions have been completely halted by the recent currency reform and business activities are being suspended. Although consumer production is compelled to go on, other non-urgent enterprises have stopped production. Since production is suspended, these businesses cannot write out pay checks and should the production suspension continue, mass firings will ensue and social unrest is sure to set in.

Businesses will be threatened with collapse once production stops. The critical situation in the manufacturing industries will draw chain reactions in other sectors of the national economy and when one sector collapses, it will bring about devastating effects on the other industries. This

choking situation must be eliminated at once, for should such condition prevail any longer, national economy will fall deeper into an unremediable chaos."

Donga Ilbo (June 22): "Distrust towards the banking system is said to be mounting particularly among small and medium industries. Credit sales are impossible now. According to the ROK Knitwear Industry Association survey, total credit sales of the industry had reached 2: billion hwan before the currency reform. This sum was four times the total cash holdings and bank deposits the industry possessed. So the damage brought on the industry by the halt on credit sales would be four times that brought by the freeze on the cash holdings and bank deposits.

Complete release of the freezed deposits seems now a vast impossibility since the banks no longer possess enough funds to meet the defreeze. Their reserves have been drained so much so that the whole banking system itself might eventually be ruined."

Comments

Bolstering Illicit Profiteers. As we have stated in the foregoing article, the hurried and ill-prepared manner in which the monetary reform was enforced indicated that it was carried out mainly for the purpose of concealing the stock market scandal in which the junta leaders were involved. And it can be assumed that much of the money freezed will be spent for that purpose. The public, however, has the right to question the government as to where the money is going to be spent. The militarists have explained that part of it will be expended for relief funds while the bulk will be used to bolster the government enterprises under the 5-year development plan. These enterprises are plants being built with the participation of the illicit profiteers. The reluctance of the profiteers, in fact, had faltered the progress of the plan. To extort the properties of innocent citizens, for the sake of bolstering such dubious plan is bound to bring public wrath.

Inevitable Inflation. Chairman Park stressed that the monetary reform was to forestall vicious inflation. The inflation in action, as a matter of fact, is the product of the militarists' own making. The government's reckless spending programs rocketed the money supply to the critical 338.8 billion hwan mark on May 15 which was an increase of 115.3 billion in just one year. The stagnation of business, which is another product of the militarists' blundering economic policies, is another cause of the inflation.

The recent freeze of deposits will likely forestall inflation for a while but since the basic bad factors ailing the economy still remain, inflatino will start galloping again when the tentative stabilizing effects recede.

Ruin of Economy. The monetary reform has shattered the little hopes that remained for the militarist in inducing domestic capital into the development plan. About 117 billion hwan of money was estimated to have been extorted from the public. This is about one-third the estimated 373 billion hwan to be procured from domestic sources for the development plan this year. Things might go all right for the year but where will the militarists procure their funds next year? All resources have been drained and only a barren desert remains before the militarists now

As to foreign investments, the political and economic unrest has discouraged most of the foreign countries from offering loans to South Korea. The only loan contract concluded so far is the 1.25 million dollar contract with West Germany. The American businessmen team that recently toured South Korea was shocked at the discouraging state of ROK economy. The monetary reform and the ensuing economic chaos will surely scare away all foreign investors.

Such dark prospects will compel the government to go on issuing new bank notes which will accelerate the inflation and consequently undermine the national economy so devastatingly that grave social unrest will ensue. The monetary reform has taken the militarists to the brink of the cliff before eventual downfall.

Premier Song Yo-Chan Fired

Premier Song Yo-Chan of the ROK military government finally resigned on June 16. His Finance Minister Chun Byung-Kyu also stepped down from his post. The remaining 12 members of the Song Cabinet tendered their resignations to the Supreme Council but were told to remain in post pending appointment of a new premier.

Following the custom, Song said his resignation of the premiership which he held for a year was because of his "inability" and gave no specific reason for giving up the post. The widely accepted view, however, is that both Song and Chun resigned their posts in connection with the recent stock market crisis. Well-informed sources alluded the premier's resignation to the long feud that had been going on between him and Chairman Park concerning the basic policies of the government such as the 5-year development plan. At any rate, Song's resignation was loss of another figure head for the military regime and the blow felt is considered no less damaging than that dealt on the militarists when President Yun resigned last March 22.

The shaken Supreme Council worked hard for two days to find a successor but apparently failing in hitting upon a pertinent candidate, Chairman Park decided on June 18 to assume the post himself. So, strongman Park became an unprecedented three hat ruler of South Korea holding concurrently the posts of Acting President, Supreme Council Chairman and Premier of the Cabinet.

Meanwhile, Kim Hyun-Chul, former finance minister of the Liberal regime, was appointed as Director of the Economic Planning Board; Kim Sae-Ryun, Governor of the Reconstruction Bank, as Finance Minister; Lt. Gen. Park Im-Hang, former commander of the 1st ROK Army, as newly created Construction Minister and Lee Won-U, Vice Public Information Minister, as Public Information Minister.

The difficulty of finding Song's successor and the promotion of these second rated men show how far isolated from the nation the militarists have become. The new Director of the Economic Planning Board Kim Hyun-Chul will preside as vice premier at all routine Cabinet meetings. The hiring of this former finance minister of Syngman Rhee regime, by the way, has completed the tie up between the Liberal remnants and the militarists. And led by Kim, a reorganization of industries is likely to be pushed in the direction to bolster the big businesses, particularly the illicit profiteers as already indicated by the recent monetary reform. Kim Hyun-Chul was one of the Syngman Rhee favorites who lossed out in the competition with Lee Ki-Poong for the no. 2 spot under Rhee and had to give up his position as finance minister.

The appointment of former 1st Army commander Lt. Gen. Park Im-Hang as newly created Minister of Construction is notable too, since this general was reportedly under house arrest suspected of anti-junta leanings. The move in promoting Park, therefore, apparently was to appease the rank and file of the discontented 1st Army which is said to be couched in a posture always ready to fight back at the junta.

Park Chung Hee faction's strategy is to put all powerful men up on high posts and cut them off from their followers. The strategy worked in the case of Premier Song who was completely isolated within the military regime cut away from his former aides and followers and therefore had to lose out in the infight. As it is no secrect that these ministers up from the front line 1st Army breed deep antaganomism towards the rearline brasses of the junta, new strifes are bound to arise within the military regime which may eventually seal the fate of the militarists.

STUDENT DEMONSTRATIONS

for Status-of-Forces Pact

ROK students have finally come out again to demonstrate and have their say in politics. The unceasing outrages by American soldiers and the U.S. reluctance to negotiate on a status-of-forces agreement became intolerable to the students. The ROK and U.S. governments are trying to gloss over the uncomfortable situation, but the students whose objectives are for more outreaching are not to be deceived.

Waves of Student Demonstrations. 1,500 angered Korea University students marched into the streets of Seoul on June 6 demanding early conclusion of a status-of-forces agreement between South Korea and the United States. Frequent mistreatment of Korean nationals by U.S. servicemen, especially the recent beating of a Korean by seven U.S. soldiers including 2 officers at Paju, moved the students to defy the martial law and carry out an open demonstration.

The students who earlier held a rally at their campus and adopted a series of resolutions (see below), came out on the streets on masse for the first time since the military takeover May last year, carrying placards and chanting slogans for an administrative agreement. Blocked, however, by a police cordon set up by armed policemen with rifles and tear gas grenades, the collegiates sat down in the streets for two hours until dispersion at the persuasion of the capital defense commander.

The students then took buses and taxis and headed for the American Embassy where they began another sit-down demonstration. The police finally resorted to force and picking the students out one by one, escorted 270 of the demonstrators to police stations under arrest.

The police immediately gave out warnings that such "blindly actions" will be met with sever punishment but the arrests flared up anger among other universities and on the 8th, one thousand Seoul National University students moved into a demonstration march after a rally in their campus to demand the immediate release of the detained Korea University students as well as conclusion of a status-of-forces agreement.

The demonstrators, however, could not gain accession to the streets as the school was surrounded by a heavy police cordon. The bayonet sheathing lines of the police were unbreakable and an ultimatum to disperse was served on them by the capital defense commander. Nevertheless, the students finally broke through the lines and demonstrated in nearby streets until 40 students were arrested.

On the following day, the demonstrations spread to Taegu where 300 Taegu University students defying stern warnings from the government, carried out demonstrations. Similar movements were detected at the Sunggyungwan and Jungung Universities of Seoul and the heated atmosphere was reminiscent of the days before the April Revolution when wave after wave of furious student demonstrations enwrapped the nation until the Rhee regime was brought down.

Confusion of the Government. The student demonstrations possessing potential dangers of another revolution apparently was a difficult problem to the militarists. Their authority was openly challenged but to ignore the past accomplishments of the students and the vast public support being given them was too risky. So the milita-

rists became confused in dealing with the demonstrations.

A cabinet meeting was held immediately after the first strike of the student demonstrations, and Premier Song issued a statement that the government had decided on dealing sternly with the Korea University demonstrators. He said that the government fully understood the motivation and spirit of the student demonstration but the means which they employed were not proper and that they should have submitted petition or recommendation to the government through due channels.

The Seoul defense commander took the same stern line and warned on June 7: "As the demonstration went against the spirit of the military revolution, the violators of the martial law must be dealt severly." In line with this hard line, 40 Seoul University student demonstrators were rounded up on June 8 following the 270 arrested among the Korea University demonstrators.

On the 8th, however, Chairman Park Chung-Hee ordered immediate release of the arrested students and explained that the students will not be questioned for this time alone but hereafter no demonstration will be forgiven.

Many point out that the release of the students was not a step of leniency resulting from sympathy with the students but because of the militarists' fear that should they crack down on the demonstrators, the movements might develop into a nationwide struggle. The militarists also feared that extreme confusions developing from the demonstrations would obstruct their hopes and efforts of inducing foreign investments for their economic development plan as the Supreme Council's chairman of the education-social affairs committee Son said on June 7 that "such demonstrations may discourage the foreign capital investment into Korea and consequently bring forth a national loss."

False Reports by Foreign Presses. In connection with the student demonstrations, the June 13 Washington Post editorial wrote that there were signs of the ROK government inciting student demonstrations in order to put pressure on the status-of-forces negotiations. The Washington Evening Star charged on the same day: "The United States is defending South Korea. Nevertheless, Koreans are demanding jurisdiction of ROK courts over U.S. military personnel by employing the old unpleasant tactic of student demonstrations. Our answer must be a straight "no" and it would be better to withdraw our forces from Korea than submitting to such demands." The London Times commented that the demonstrations were government-sponsored. In protest against such false reporting, ROK students immediately issued statements and charged that the newspapers had distorted the facts and insulted the students.

Insincerity of U.S. Government. This controversial Paju beating case occured last May 29. A Korean national Lee Il-Young, 29 years old, was on a hunting job in the area. Mistook for a thief, he was captured and beaten into unconciousness by U.S. soldiers including 1st Lts. David W. Swanson and Thomas M. Wilde. The alleged robbery was disproved by a fact-finding done by a Korean lawyer and as in the case of killing of two Korean woodcutters in the same Paju area last January by trigger-happy American soldiers, the incident touched off another bitter controversy over the issue of military security versus human rights. The ROK government officially protested on June 3 for the beating to the U.S. government and also urged the U.S. to make every effort to conclude a status-of-forces agreement. But the U.S. still maintained its heretofore attitude of reluctance and was cool towards reopening negotiations. So the students could no longer toler the never-ending humiliating situation and thus came the demonstrations.

To appease the students, both Premier Song and Chairman Park stressed that the government was doing all it can to reopen negotiations on the administrative agreement and that it had taken firm diplomatic measures towards the U.S. authorities on

the recent incidents.

U.S. Ambassador Samuel D. Berger in the meantime expressed hopes that the arrested students would be released and renewed his promise to do his best to conclude such pact and also to settle the Paju assult case. Immediate Washington reactions, however, were to the contrary and U.S. government sources indicated that U.S. was against any agreement which would subject Americans under the jurisdiction of Korean courts.

U.S. Ignores Military Regime. The U.S. reluctance put heat on the controversy and the U.S. government finally seems to have been compelled to change its attitude. Ambassador Berger called on Foreign Minister Choi on June 15 and notified his government's willingness to resume negotiations on ROK-U.S. status-of-forces agreement but doubts still remained whether the U.S. would grant Korean jurisdiction over the crimes committed by American servicemen.

The U.S. State Department finally made clear on June 22 that the U.S. had offered to resume negotiations on the status-of-forces agreement on condition that the agreement becomes effective after constitutional government is restored in Korea next summer. In spite of the embarassing condition, ROK Foreign Ministry sources disclosed that the Korean government had notified the United States of its acceptance "in principle" of the U.S. proposal and requested the U.S. government to set a deadline in the forthcoming status talks and to define the term "normal and constitutional" government mentioned in the U.S. offer.

At any rate, this was a vast change in the U.S. attitude. The State Department Spokesman Lincoln White explained this turn-about in the following tone: "The U.S. may have been premature about the situation in Seoul regarding discussions on a status-of-forces agreement. The actual situation is that the present discussions going on in Seoul are preliminary talks looking forward to establishment of a basis for the resumption of negotiations on the agreement." Commenting on the change in U.S. attitude, Seoul newspapers called the talks a "mystery."

There lies a grave contradiction in this U.S. attitude. The U.S. government has so far recognized and given support to the military government of South Korea. But now in attaching the condition that the status agreement should not come into effect until a normal and constitutional government is restored in Korea, the U.S. government regards the military government as illegal. The illogicality of U.S. policy has been duly pointed out and Koreans who wish an early settlement of the unpleasant situation, must question the integrity of the U.S. The U.S. should note that it is the ROK nation, not the militarists, who are suffering under the humiliating conditions and the U.S. should show its respect to the sovereignty of the Korean people as requested by the student demonstrations. Another point that must be stressed is that the students' objectives are not only limited to the correction of the humiliating state but they have again arisen to save the nation from eventual ruin at the hands of the blundering military dictators.

Resolution

Korea University Students (June 6)

We can no longer contain the indignations within us aroused by the barbarities being committed by irresponsible elements of the U.S. armed forces in Korea. We, therefore, must request the U.S. and ROK governments to immediately conclude a status-of-forces agreement between the two countries based on the fundamental human rights.

It is highly regrettable that negotiations on such agreement have been dragging on ever since the end of the Korean War. So we must here appeal to the true humanism of Americans so that conclusion of a status-of-forces agreement similar to those of other countries be concluded at once for the sake of preventing recurrence of incidents that infringe on the basic rights of human beings.

For Reference:

North Korean Message to South Korea

The 11th session of the 2nd Supreme People's Assembly of North Korea adopted the following message on June 21 addressed to the Supreme Council, social and political activitians and all the people of Korea in which the North Koreans called for a nation-wide struggle to get the U.S. army to withdraw from Korea:

The Supreme People's Assembly of the Democratic People's Republic of Korea sends this message to all South Koreans when calamities and sufferings of the South Korean people have reached the extremes through the wanton bestial outrages being committed by the U.S. imperialist aggressive troops.

The mad, murderous and intolerable insults and humiliations being committed by the U.S. imperialist aggressive troops occupying South Korea are worsening with the day. South Korean youths, students and people angered by the bestial outrages by the U.S. troops on Koreans, have at last arisen in demonstration against the U.S. This struggle is the outburst of the national indignation towards the U.S. aggressors and a patriotic struggle to safeguard the honor and rights of the nation.

The U.S. imperialist aggressors have been killing, humiliating, assaulting our brethrens ever since the day they occupied South Korea. The band of these murderers and burglars are committing every possible bestial outrage—killing Koreans, raiding villages, destroying and pillaging properties and raping of Korean women in the manner their ancestors annihilated the American natives years ago.

The U.S. imperialist aggressors who have turned South Korea into their colony and military base and donning the guise of philanthropy, have penetrated their control and command of all fields of South Korea —political, economic, military and cultural. They have destroyed or pillaged all things of worth and trampled and devastated all things beautiful in South Korea and the land has been reduced to a horrible living hell.

Plants have closed, coal mines collapsed and farmlands devastated. The unemployed are roaming the streets in search of work, bands of orphans are begging for food and impoverished farmers are wandering the hills and valleys in quest of roots and barks to eat. Thousands of our women have been made objects of Yankee pleasure and thousands of half-breeds have been born. Never in our long history have we suffered such thorough disgrace against our national pride and human dignity. The good customs and noble morals of our nation has been totally devastated by the unprecedented social confusion and disorder.

The disastrous situation in South Korea calls for all Koreans to mobilize all their powers, wisdom and talents to resolve the crisis at once. We must arise in a nation-wide struggle to get the U.S. armed forces withdraw from South Korea, abolish the colonial rule of U.S. imperialism and accomplish the liberation of the nation so that South Koreans can secure their own destiny within their own hands. The most urgent task before the Korean nation is to get the U.S. forces withdraw, relieve the South Korean people from their calamity and sufferings and thus attain the unification of the divided country.

The Democratic People's Republic of Korea has constantly exerted sincere efforts to realize peaceful unification of the fatherland long aspired by 30 million Koreans and will continue to do our best, but, unfortunately, our efforts have not been understood by the South Korean authorities. If the

South Korean authorities do not wish to negotiate on unification under such circumstances, we can prolong the settlement of that problem until our differences are narrowed and we, at the present, will call on uniting all the forces of the nation to launch a struggle for withdrawal of U.S. forces from Korea which we believe is the pre-requisite to the settlement of all problems.

Some people in South Korea considers the conclusion of a status-of-forces agreement between the U.S. and South Korea can prevent the atrocities of the U.S. army in South Korea but no law or agreement can change the nature of the reactionary, bestial U.S. imperialist aggressive forces or prevent their inhumane atrocities and racial discriminations. So, South Korean authorities should conclude an agreement for the withdrawal of U.S. forces in place of a status of-forces agreement.

The U.S. aggressors are scheming to justify their occupation of South Korea on the pretext of protecting her from the "menace of Communism." But what menace is there in North Korea which is putting forth all-out efforts for its peaceful development? We have no intention to invade the South nor will we ever use force unless South Koreans launch an invasion on us.

We, in the name of the Supreme People's Assembly, once again propose to the South Korean authorities to conclude an agreement between North and South Korea; not to use forces against one another and to cut the strength of the armed forces of North and South Korea to 100,000 men or less on condition that the U.S. forces are withdrawn from South Korea. The South Korean authorities should stop deceiving its people and immediately take the necessary measures for the withdrawal of U.S. forces from South Korea.

We propose that North and South Korean authorities sit at one place in Panmunjom, Pyongyang or in Seoul and discuss the question of getting the U.S. forces withdraw; not to use forces against one another as well as cutting North and South Korean armies and also the question to improve the living of South Koreans so as to deepen our mutual understandings. If the U.S. forces are withdrawn and the armed forces of North and South Korea reduced, the South Korean people will be relieved from the overburdening defense expenditures, while North Koreans can help them in raising their living standards, secure the peace of the land and thus create the pre-requisites for promoting understanding towards unification.

South Korean youths must oppose the compulsory labor and military draft, workers must frustrate the production of war supplies and war material transport and the entire Korean people must fight against the building of military establishments and bases. The ROK "national army" officers and men should reject all the orders of the U.S. army commanders and military advisers and wrest the command of the "national army" from the Americans. They must also return to the side of the South Korean people and fight with the people against the U.S. aggressors.

We must enwrab the whole of South Korea with powerful flame demanding the withdrawal of the U.S. forces. When the entire Korean nation arises firmly united, no enemy, however powerful it may be, can bar our powerful advance.

N. Korean Message to All Parliaments

The Supreme People's Assembly also sent on June 21 the following message requesting withdrawal of U.S. forces from South Korea to the parliaments of all the nations of the world:

The struggle against the inhumane, savage atrocities by the U.S. troops has of late been intensified in South Korea. The South Korean people can no longer tolerate the endless insults on their national dignity and the savage oppression by the U.S.

Grossly violating the Armistice Agreement, the U.S. imperialists are bringing atomic and missile weapons into South Korea. To prolong the stay of U.S. forces in South Korea, the U.S. rulers always refer to the alleged "Communist" threat from the North. Behind this lies the desire of the U.S. to convert South Korea into an eternal colonial military base, to seize the whole of Korea and to use it as a springboard for aggression against Asia.

The critical situation in South Korea persistently calls for the immediate withdrawal of U.S. troops. Taking this into consideration, the Supreme People's Assembly of the Democratic People's Republic of Korea once again proposed to the South Korean authorities that the American troops be removed from South Korea; a convention be signed by North and South Korea not to use armed forces against each other and to reduce the armies to the minimum level on condition that all American troops are withdrawn from South Korea.

We are deeply cnovinced that the present peaceful proposal will exert important influence not only on the solution of our vital national problems, but also on the safeguarding and consolidation of peace in Korean and the Far East.

Soviet Note to U.N. on Withdrawal of Foreign Troops from Korea

On June 25, the Soviet Government presented the following aide memoire to the United Nations requesting the General Assembly to discuss the question of the withdrawal of U.S. troops from South Korea:

Although nine years have passed since the end of the Korean War foreign, chiefly American, troops continue staying on the territory of South Korea. The presence of foreign troops creates a climate of anxiety and tension in the area of Korea, evokes legitimate fears of peaceloving states of the Far East.

In the south of the Korean peninsula, the command of the armed forces of the United States effects largescale construction of military installations, conducts numerous military exercises and manuvers in which the units of other states, including South Korean units are taking fast. Foreign troops systematically violate the truce, provoke incidents on the southern borders of the Korean Democratic People's Republic.

Foreign troops are staying in South Korea under the flag of the United Nations. As a result, the actions of foreign troops in the southern part of the Korean peninsula seriously damage the authority and the good name of the United Nations.

South Korea is essentially a country occupied by foreign troops. The stay of foreign troops makes a grievious imprint on the domestic life of the country, and prejudices the national dignity of the Korean people. The people of South Korea have been utterly pauperized. The living standards of the South Korean population are lower than in many economically underdeveloped countries of the East. The responsibility for the difficult situation in the south of the country rests, above all, with the United States whose troops have been occupying South Korea for a long time.

In such a situation the population of South Korea, displaying legitimate wrath and indignation at the situation in the country, calls for the early abolition of the occupation regime and an opportunity for the Koreans to settle themselves the issues of vital importance for the nation.

The Korean Democratic People's Republic has more than once presented constructive drafts for the reunification of Korea on a peaceful democratic basis, however, the U.S. rejected all these proposals. The facts show that the U.S. is not interested in the reunification of Korea and the es-

tablishment of an independent democratic Korean state, since this does not accord with its expansionist designs in the Far East. It is absolutely obvious that Korea cannot be united peacefully as long as there are foreign troops in the south of the Korean peninsula.

As known, units of Chinese People's volunteers were withdrawn from the Korean Democratic People's Republic as far back as October 1958 and now for four years already, there are no foreign troops on its territory. There are no reasons for American or other foreign troops to stay in the south of Korea.

The Soviet Government considers that the United Nations, whose charter commits it to do everything to promote peace and security, cannot and must not remain indifferent to the presence of foreign troops in South Korea.

The Government of the Union of Soviet Socialist Republics considers that it is essential that the General Assembly at its current session discuss the question "on the withdrawal of foreign troops from South Korea" and thus help establish lasting peace in Korea and throughout the Far East.

Stock Market Scandal

(Cont. from Page 12)

the outcome, requested the premier and the finance minister to hand in their resignations.

At his last news conference on June 16, Song said that he had submitted his resignation to the Supreme Council on June 7. But the unexpected student demonstrations urging the conclusion of a status of-forces agreement with the United States and the plan and preparation for the monetary reform prolonged his bid. He did not reply to the question as to whether his resignation was due to the recent stock market crisis, but since Minister Chun was fired simultaneously, it is clear that the crisis was the immediate reason for his resignation.

The most unreasonable point of the affair was why Premier Song had to take the same blame as Finance Minister Chun. Song's instructions to the stock market were quite adequate as steps to normalize the stock market trouble. His attitude towards the finance minister was in line with his position as head of the Cabinet. Even Park at the end came out in support of the Premier. Still Song had to go.

Song's stern attitude towards the stock market and Minister Chun as well as his outspokenness must have caused a great amount of fear among the junta leaders and Park likely discharged Song before the scandal would be exposed wide open as consequences of the severe rift within the Cabinet.

Further Steps. The hiring of former Liberal finance minister Kim Hyun-Chul as Director of the Economic Planning Board and Vice Premier, following the resignation of Premier Song, is considered as another step to conceal the stock market scandal.

Kim is known for the big axe he swung as finance minister on the stock crisis back in 1958. The crisis was brought about by excessive manipulations which paralyzed the market transactions as dealers became unable to pay the warrant money. Kim settled the crisis by employing an administrative measure which nullified all time transactions.

The generally accepted view is that the militarists singled out Kim on this merit and they are going to employ his talents to clean up the mess in the stock market.

So haunted by the fear that should the scandal be fully uncovered, their false images of "pure and honest" soldiers that they've worked so hard to build up will be blasted away, the militarists are trying desperately to cover up their foul play as swiftly as possible. But the smears of the evil done and the selfish greed behind the intrigue to gain funds for their electioneering next year cannot be easily wiped out. When the nation gets the full story of the scandal, the wrath to ensue will surely blow the militarists off their ruling position.

NEWS OF THE MONTH July 1 to 31

IOC Recommends Formation of All-Korea Olympic Team

On June 3, the International Olympic Committee (IOC) recommended both North and South Korea to form an All-Korea team for the 1964 Olympic Games. North Korea immediately accepted the recommendation but South Korea turned it down. Brig. Gen. Sohn Chang-Kyu, chairman of the Supreme Council's education-social affairs committee, said on June 5 that South Korea cannot form an All-Korea team comprising atheletes now residing in North Korea. The refusal of the IOC recommendation was confirmed by Supreme Council Vice Chairman Lee Joo-Il on June 8. A final decision, however, is to be taken by the Korean Olympic Committee which is making a thorough study of the problem.

74 Arrested in New Counter-Coup Plot

On June 18, the Central Intelligence Agency disclosed that 74 persons were arrested in connection with another "counter-revolutionary" plot. Deputy Director of CIA Suh Chung-Soon said that the plot was separate from the one uncovered last month and masterminded by former Democatic party organization chief Cho Chung-Suh and charged that members of the Iju-Dang collaborating with former Democrats planned to overthrow the present military government by staging a coup d'etat by mobilizing marines. The Iju-Dang was a minority party organized by ultra-right wing politicians and the plan also envisaged agitating of students and citizens into a rebellion. After overthrowing the government and assassinating its leaders, the plotters were to establish a new government with executive, legislature and economic branches.

Two Newsmen Arrested Reporting on Aftermaths of Monetary Reform

On June 27, reporters Kuk Byung-Mun and Yo In-Sam of the Donga Ilbo were arrested by the Chunchon police in connection with the daily's (June 25) report dealing with the effects of the recent monetary reform in the Chunchon area. The two were charged of violating the Special Crimes Law which vegulates circulation of false rumors. The newsmen reported that as aftermaths of the monetary reform, over one-half of the 60 rice dealers in Chunchon have closed shop by June 24 causing great anxiety to the townsfolk. The reporters claimed that they had written only the facts but the authorities detained them for "circulating rumors causing social unrest."

Purification Policy for Presses

On June 28, the ROK Supreme Council announced its "press policy" envisaging purification of the presses through tighter control and abolishment. The announcement said that the purpose of the government policy was to enforce the purification on a voluntary basis. According to the policy, newspapers will no longer be allowed to publish both morning and evening editions and all incompetent presses will be urged to close shop. Newspapermen are to be dealt with severely by law, if they offend laws; while the self-disciplining being exercised by the Press Ethics Commission will be further strengthened.